



SCOTTISH EXECUTIVE



SNH STRATEGIC REVIEW

TERMS OF REFERENCE AND SCOPING

Introduction

There is a commitment to review public bodies on a 5 year cycle. SNH was last reviewed in 1998. Guidelines for reviews are issued by the Public Bodies Unit of the Executive. They outline a 2 stage process which reviews the function and form of the body and its performance since the last review. The second part is forward looking and strategic and where there is supporting evidence makes recommendations for change.

The Review of SNH will be conducted in accordance with the following underlying principles and terms of reference:

Underlying Principles

- That the review be sympathetic to the particular needs of the organisation as it responds to the decision by the executive to relocate the Edinburgh headquarters to Inverness.
- That the review should identify areas of best practice and make recommendations on how to promote and develop these.

Terms of Reference:

- **Identify ways to strengthen the working relationship between SNH and the Executive, and clarify respective roles and responsibilities**
- **Examine the roles and responsibilities of SNH in relation to other bodies, and ensure these are clear and appropriate.**
- **Examine whether there are any strategic structural or procedural changes that would allow SNH to manage its business more effectively and efficiently.**

SCOPING PAPER

PURPOSE

1. This paper supports and expands on the broad terms of reference for the strategic review of SNH.

BACKGROUND AND GENERAL PRINCIPLES

2. SNH was established through the Natural Heritage (Scotland) Act 1991 and came into being in April 1992. It is responsible to Scottish Ministers and to the Scottish Parliament. Its main purposes, coming from the 1991 Act, are to conserve and improve Scotland's natural heritage; to promote understanding and make it easier for people to enjoy Scotland's natural heritage; and to help make sure that its use and management are sustainable. SNH's mission is to work with Scotland's people to care for our natural heritage.
3. SNH was last reviewed in 1998, following its own Joint Study with the Scottish Office and its Organisational Development initiative implemented from April 1997. Since that time the Scottish Executive has been established, has carried out a wide review of all public bodies (published in 2001), and reaffirmed its commitment to carrying out regular, 5-yearly, reviews of individual bodies.
4. The Scottish Executive is currently engaged in a wide ranging Efficient Government initiative which may have implications for the organisation and structure of most NDPBs. It is keen, in the course of Reviews, to examine how bodies like SNH work with each other and with Ministers and Departments, and to examine ways by which these may be enhanced and made more efficient and effective.
5. SNH also works with many other partners to deliver the Executive's natural heritage, access, enjoyment and sustainable development objectives. Ministers are keen to receive feedback on these relationships and delivery mechanisms and for any ideas for enhancement to be explored. In due course this may link with wider review of principles of rural service delivery throughout Scotland.
6. There is awareness of the implications for the Review of the Ministerial requirement on SNH to relocate some 200 posts from Edinburgh to Inverness. Ministers have confirmed, nevertheless, that the Review should be carried out in parallel with the current work on relocation.
7. Preliminary consideration following Ministers' initial decision that a Review of SNH is due has concluded that it should be modelled along the lines of a standard PFMR (policy, finance and management review). The Review must address points raised on the following pages but the level of detail of the examination of particular aspects of the organisation will be at the discretion of the Review team.

STAGE 1

8. The first stage of a review of this type must consider SNH's current functions and objectives and whether these all remain complete and relevant to today's Ministerial and natural heritage needs. In seeking to prepare recommendations towards possible future change or improvement the reviewer will consult with others, consider recent past performance (in relation both to environmental and operational performance) and have regard to current Government priorities for matters such as best value. The review must note and consider the organisation's status as a NDPB, and advise whether this remains more appropriate than, for example, agency status. In accordance with normal practice the Stage 1 report will be submitted to Ministers for comment.

STAGE 2

9. Stage 2 will then further consider the issues described under the full Terms of Reference below and will offer a forward-looking assessment with recommendations relating to them.

METHODOLOGY

10. To address the Terms of Reference and inform its recommendations the review team will examine records and current practice, will seek information and advice from relevant SNH and Scottish Executive staff, and will consult with external partners and other interests. Reviews generally culminate in preparation of an action plan to guide subsequent implementation of their recommendations.

ToR 1: IDENTIFY WAYS TO STRENGTHEN THE WORKING RELATIONSHIP BETWEEN SNH AND THE EXECUTIVE, AND CLARIFY RESPECTIVE ROLES AND RESPONSIBILITIES

11. Ministers are accountable to the Parliament for the performance of NDPBs and ensuring that they deliver Executive objectives as set out in the Partnership Agreement and elsewhere. The review process requires consideration of how well these objectives have been communicated to, and understood by, SNH; how successful SNH has been in addressing Scottish Executive objectives and priorities since 1998; and how the alignment of SNH operations with these objectives and priorities is achieved in practice.
12. The review should therefore consider whether there is a case for cultural or operational changes in both SNH and the Department to improve the Executive:SNH relationship. For example, is the relationship between SNH and the Executive clearly defined and understood? How might the sponsor Department become a more “intelligent customer” in terms of how SNH sets, communicates and monitors its policy direction. What level of influence does the Department need to exercise over SNH’s corporate planning and how is this best achieved? Is the current corporate planning, monitoring and annual reporting system an effective mechanism for the Department and SNH to agree objectives and key targets and to measure success? Is there a need for closer relationships with Ministers or officials and, if so, how would they be achieved?
13. The review calls for examination of how (and by whom) SNH policy and strategy is formulated and agreed and prioritised. How does SNH achieve corporate awareness and understanding of such policy objectives and Board decisions? This is likely to include consideration of how SNH addresses issues of prioritisation and balance across its remit and how this accords with Ministerial priorities.
14. The review should have a strong forward looking emphasis so that it builds on current strengths, addresses any weaknesses and supports future performance

which will continue to deliver agreed natural heritage functions and objectives. In that context it should examine how policy-making and strategy functions in SNH relate to corresponding functions exercised by the Department. Also how the Department might manage its relationships with SNH in the future to ensure that all areas of Scottish Executive activity impacting on SNH are co-ordinated? Are there changes which the Department should make to improve this? Is there any need for legislative change?

ToR 2: EXAMINE THE ROLES AND RESPONSIBILITIES OF SNH IN RELATION TO OTHER BODIES, AND ENSURE THESE ARE CLEAR AND APPROPRIATE.

15. Related policy areas include nature conservation, biodiversity, access, landscape, land use and other resource management. Other bodies include local authorities, other statutory and regulatory authorities, and the voluntary/not for profit sector (including the NGOs, bodies like the Greenspace trusts and community groups).
16. In this area the review should consider whether there is a case for any change in the allocation of lead responsibilities among public bodies, or in the way in which SNH or other public bodies work together and co-ordinate their activities in order to enhance the effectiveness of delivery.
17. The Efficient Government initiative will help to ensure that all public bodies examine closely the scope for efficiency gains from co-operation or integration of operations with other bodies (e.g. combined local offices or local operations; or shared support services). The review should examine this and consider possible options for SNH and its work. The potential implications of the Efficient Government initiative for SNH's back office and support functions might be considered at this stage.
18. SNH pursues many of its objectives through partnership, either long or short-term, and through grants to various bodies and project groups. The review might consider which arrangements have been most successful, what has been achieved and whether such arrangements should be further developed or rationalised. Is there scope for some SNH activities to be transferred to local authorities or other sectors?
19. The review might also offer opinion on the effectiveness of joint financial support to other groups, projects and businesses from different parts of the public sector. (The Department intends to commission a study of different schemes of financial support available for land management in the context of development of the new EU Rural Development Regulation and the findings of this study might usefully feed into the SNH Review.)

ToR 3: EXAMINE WHETHER THERE ARE ANY STRATEGIC STRUCTURAL OR PROCEDURAL CHANGES THAT WOULD ALLOW SNH TO MANAGE ITS BUSINESS MORE EFFECTIVELY AND EFFICIENTLY.

20. Since its inception SNH has continued to develop and adapt its organisation and operation to best deliver its remit within the resources available to it. This has been particularly evident since the commencement of its organisational development programme in 1997 and continues today through its business change initiative. Introductory paragraphs above identify other significant factors now influencing and challenging SNH management and operations, of which relocation from Edinburgh to Inverness is the most acute. The review must recognise and evaluate these issues and should aim to further tease out the implications (and opportunities) for SNH at a strategic level.
21. The review has been asked to particularly consider how the local delivery of SNH's remit (primarily through its network of local teams and offices) and its more centralised formulation of policy and advice is co-ordinated in order to ensure efficiency, consistency and transparency of message and approach throughout Scotland.
22. In addition the review should consider whether there are more efficient and effective ways to organise some of SNH's central services (such as advisory and national strategy services, and education and promotion functions) and if so, what benefits this could yield.
23. Reference will be made to the SNH Board and consideration given to its role in policy determination, how it identifies its priorities and exercises its authority.
24. SNH's management of risk, in relation to organisation-wide matters such as decision-making and delegations, will be relevant to the review.
25. SNH has a broad remit and, as noted in paragraph 13 above, the review should consider how SNH can ensure that it devotes the necessary and appropriate resources to its responsibilities for delivering specific statutory outcomes and for its wider promotion and facilitation of high priority natural heritage objectives, and how it can best respond to changes arising from legislation, wider Government policy and priorities, and environmental change.

OTHER ISSUES

26. Publicity - Ministers are committed to announcing forthcoming reviews to Parliament and reporting the outcome of reviews to Parliament. The Minister therefore wrote on 19 August to the convenor of the Environment Committee to announce that the review would be taking place. Details of the review will be placed on the Scottish Executive website and the final report of the Review will be published.

27. Review Team - The Review will be led by David Bills, former Director-General of the Forestry Commission. He will be assisted by Derek Smith from the Department and Ruth Briggs from SNH.
28. Consultation - It will be important to ensure that SNH stakeholders are consulted as part of this review. But it will also be important to ensure that the consultation is conducted in such a way as to minimise burdens on stakeholders and to be manageable within the timescale of the review and the resources available to the review team. At present we envisage consultation based on a written questionnaire to a limited number of SNH's major stakeholders including local government, other public sector bodies and the voluntary/not for profit sector. This would be supplemented by interviews conducted by the review team with a number of these bodies. The questionnaire would also be placed on the Scottish Executive web site so that members of the public and any other interested parties would be able to indicate their views.
29. Timetable and Meetings - The Review will commence in mid September and report early next year. A draft Stage 1 report will be presented to the steering group for discussion on 17 December 2004. The draft final report should be ready for consideration by the Steering Group on 23 February 2005.

REVIEW TEAM
27 September 2004